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ABSTRACT

The financing of higher education opportunities in California and the impact of current financial aid programs upon the formal structure of higher education and upon students is addressed. The issue of how Californians see student financial aid with particular emphasis on the extent of their understanding and the degree of their support is examined in two sections. Section 1 looks at public attitudes toward college costs and student financial aid, focusing on the following: costs of postsecondary education; overall support for financial aid; perceptions about who presently receives aid; personal characteristics and attitudes toward financial aid; north-south cleavages; and divisions over support for financial aid. Seven tables are included in this section. Section 2 is an exploratory study of parents' and students' (high school and college) attitudes toward the financial aid system in California. For college students, the report covers: financial management; optimism about the future; student financial aid (a right not a privilege); loans versus grants and scholarships; learning about financial matters; some upsetting institutional practices; applying for loans; impact of finances on academic choices; financing graduate school; dealing with disappointment; and evaluations of financial aid offices. High school seniors were asked about commitment to college, choosing a college, perceptions of college costs, information about financial aid, applying for aid, and fairness in the system. Parents discussed attitudes toward college, choice of college and major, financing college, and information about attitudes toward financial aid, attitudes toward loans, applying for aid, and mortgaging the house. (SM)

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THE EUREKA PROJECT

A Review of Student Financial Aid in California

Opinions and Attitudes:

How the Public Views Student Financial Aid

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Miramonte High School

PROJECT STAFF

Arthur S. Marmaduke
Former Director
California Student Aid Commission

CONSULTANTS
Frederick Biedenweg
Assistant Provost
Stanford University

Eugene Cota-Robles
Assistant Vice President
University of California

Deborah Daniels
Director
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College Education Support
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National Task Force
on Student Aid Problems

Timothy Warner
Associate Provost
Stanford University

Barbara Wolfinger
Consultant in Public Opinion Research

Raymond E. Wolfinger
Professor of Political Science
University of California, Berkeley

THE EUREKA PROJECT

A Review of Student Financial Aid in California

Opinions and Attitudes:

How the Public, Students and Parents View Student Financial Aid

March 1988

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PREFACE

Student financial aid has become a major and complex educational industry. This year in California alone expenditures will be approximately $1,500,000,000 in all forms of financial assistance—grants, loans, and jobs. It is not only large, it is also complex. Anyone who has been associated with student financial aid is soon struck by how complicated the rules and structure are and how the students and colleges must deal with a multitude of agencies and organizations.

Thirty years ago student financial aid in California was less than $10,000,000. The few government programs that existed were relatively simple in design. While funds were inadequate, the standards and procedures were comprehensible to all involved. Administration was, by today's standards, simple. Limited student financial aid, largely scholarships, was an activity funded by individuals, college endowments, and local groups. Even scholarships financed by PTA bake sales or similar activities were important to the total structure of financial aid.

Over the last three decades all financial aid has grown and its composition and sources of funding have markedly changed. In the last ten years loans have replaced grants and scholarships as the principal form of student aid. With a massive infusion of loan funds through commercial lenders, the nature of student financial aid has changed.

As student financial aid has assumed a larger role in postsecondary education, it has become more important to review the policies that have undergirded it. Policies, either as specifically adopted or developed in an evolutionary way, need to be reviewed for their past effect, current value, and future utility. Problem policies need to be identified and policies appropriate for the balance of this century developed.

Concerns about student aid policies led to the creation of The Eureka Project, a privately organized, funded, and directed review of student aid policies in California. It is entirely funded by major grants from the James G. Irvine, Weingart, and Haynes Foundations, and by a supplemental grant from the Atlantic Richfield Foundation.

The Eureka Project is under the general direction of a board of directors, with more technical and specific advice to the project given by a steering committee composed of representatives of interested groups and institutions in California. A staff of consultants has come together to direct and write the various studies under The Eureka Project.

The Eureka Project is studying the financing of higher education opportunities in California and the impact of current financial aid programs upon the formal structure of higher education and students. There is concern that the door of educational opportunity may be closing, that the health and vitality of quality independent institutions could be at risk, and that the current student financial aid system has a wide range of unintended consequences.

The Eureka Project anticipates issuing approximately a dozen reports. These reports will endeavor to stimulate policy review of student financial aid and financing of higher education in California and will be offered by the Board of Directors as thoughtful documents for that purpose. The reports will not necessarily represent the views of members of the Board of Directors or of the four California foundations whose grants have made The Eureka Project possible.

This report, "Opinions and Attitudes: How the Public, Students and Parents View Student Financial Aid" is written in two sections and with two objectives. One is to give educational policy makers some additional insights into how the general public views college costs and student financial aid. Public opinions were assembled from a series of questions asked in a survey conducted by The Field Institute. Two is to provide impressions of student and parent attitudes about student financial aid developed in a series of focused group interviews with students and parents of students. This is exploratory research and should be helpful in developing further research and communication with students and parents.

The study of public opinion was conducted and written by Raymond Wolfinger of the University of California, Berkeley, Barbara Wolfinger and Anne Kendrick. The Survey of Student and Parents Attitudes was conducted and written by Barbara Wolfinger.

It is hoped that the studies from The Eureka Project will be useful references for individuals who will be deciding the future of student financial aid in California.

Arthur S. Marmaduke
Executive Director
The Eureka Project

Section 1

PUBLIC ATTITUDES TOWARD COLLEGE COSTS AND STUDENT FINANCIAL AID

EXECUTIVE SUMMARY

These findings are from a series of questions about financial aid added to a fall, 1986 survey of California adults conducted by The Field Institute. The purpose was to discover how Californians see student financial aid with particular emphasis on the extent of their understanding and the degree of their support.

1. Californians think that college is not affordable for most people and that, in the future, the cost will become still more prohibitive. The vast majority believes that the state should increase aid to college students in order to compensate for federal cutbacks. (This is the same level of support that existed in 1982.) Half the respondents would have the government assume all college expenses that students and their families are unable to meet.

2. About half the respondents are satisfied with the way in which they believe financial aid is presently apportioned among various groups of students in the state. The remainder would like to see the distribution changed: some want more aid given to middle- and low-income students; others want less aid to minorities.

3. Three-quarters of the public support the use of outright grants to college students. Attitudes toward loans are complicated. On one hand, four-fifths think that loans will make state money go further and force students to be more serious about their education. On the other hand, half believe that loans will prevent some qualified students from attending college and will force students to major in lucrative fields in order to repay their loans.

4. The public exaggerates the number of students who fail to meet the payments on student loans: 64 percent believe that more than half of student borrowers default on their payments. (The current default rate is approximately 17%.) Exaggerated beliefs about the default rate are associated with less support for financial aid.

5. Eighty-three percent of Democrats and 69 percent of Republicans agree that since the federal government has reduced financial aid to college students, the state of California should increase aid.

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FOREWORD

In recent years the California Legislature has funded several studies to investigate policy options for the State's postsecondary education and student financial aid systems, yet there has been little systematic effort to examine public opinion regarding financial aid. To provide some information on public attitudes toward financial aid for postsecondary students, questions were added to the California Poll conducted by the Field Institute in late September, 1986. A random sample of 1,023 Californians 18 years of age and over were interviewed by telephone. The error rate is + or – 3%. The answers provide information on Californians' knowledge about financial aid and willingness to support changes in the student financial aid system. This report analyzes the responses, first describing the public as a whole, then looking at how support for aid relates to estimates of the default rate, and finally examining the attributes of people with varying degrees of support for financial aid. The analysis presented here is based on the entire sample rather than on the 80 percent who were registered to vote, since the two groups had similar attitudes on the questions that concerned us.

In 1986 the Opinion Research Corporation (ORC) conducted a national poll, "Attitudes toward Higher Education," which asked similar questions about student financial aid. Where relevant, the results of the California Poll are supplemented by data from the ORC study.

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THE FINDINGS

Costs of Postsecondary Education

The California public believes that college is not affordable for most people and will grow less affordable in the future. Seventy-one percent of Californians disagree with the statement that most people can afford a college education, and 76 percent agree that college costs are rising at a rate which will put college out of the reach of most people. Californians are more likely to be concerned with the current cost of college than are Americans as a whole: the ORC data show that only 61 percent of Americans feelthat most people cannot afford college. However, the California and national samples are alike with respect to predictions about future costs of higher education.

The extent of public concern about the cost of postsecondary education depends on the type of institution under consideration. ORC asked its national sample to evaluate the tuition costs of five different types of postsecondary educational institutions. ORC found that a majority of the public thinks that the costs of public vocational schools and two-year public colleges are about right. Half of the respondents said that the costs of four-year public colleges are about right, but the other half said that they were too high. The public displayed most concern over the costs of two-year and four-year independent colleges. Sixty-eight and 79 percent of those surveyed in the national study felt that the costs of two-year and four-year colleges, respectively, were too high.

Overall Support for Financial Aid

Seventy-eight percent of Californians would like to see the state *increase* support for student financial aid in order to compensate for federal cutbacks. (In a comparable survey of California adults conducted by the Field Institute in 1982, 71 percent of the respondents agreed that the state should compensate for federal cuts in aid.) When asked if government should assume *all* college costs that students and parents cannot meet, 51 percent of the respondents answered in the affirmative.

Perceptions about Who Presently Receives Aid

Californians have clearly differentiated beliefs about how much financial aid different groups of students receive. As Table 1 shows, minority students, low-income, and bright students are most frequently identified as those receiving "a lot" of aid, whereas middle-income students and those who pay high tuition are least likely to be thought of in this way. The latter groups are often perceived as receiving "very little" financial aid.

TABLE 1.
Public Perceptions of Amount of Financial Aid That Various Types of Students Receive

	Low Income	*Middle Income*	*Bright Students*	*Those Who Pay High Tuition*	*Minority Students*
A lot	36%	11%	35%	18%	46%
Some	46	52	46	46	40
Very Little	17	32	16	30	12
None	2	5	3	7	2
	101%	100%	100%	101%	100%

Note: Columns may not add to 100% because of rounding.

Public Preferences About Who Should Receive Aid

As the next table indicates, many Californians feel that financial aid should be allocated differently. Fifty-two percent of the respondents feel that low-income students should get "a lot" of aid and 41 percent would give "a lot" to bright students. Only 28 percent of respondents would give "a lot" of aid to minority students. (Of course, most minority students fall into the low-income category, which the majority of respondents think deserves "a lot" of aid.) Respondents are least likely to want to give a lot of aid to middle-class students and to those paying high tuition. Thirty-one percent think that those who pay high tuition should receive "very little" or "no aid."

TABLE 2.
Public Preferences of Amount of Financial Aid That Various Types of Students Should Receive

	Low Income	*Middle Income*	*Bright Students*	*Those Who Pay High Tuition*	*Minority Students*
A lot	52%	15%	41%	13%	28%
Some	42	72	49	56	63
Very Little	3	9	6	19	5
None	3	4	5	12	4
	100%	100%	101%	100%	100%

Note: Columns may not sum to 100% because of rounding.

When members of ORC's national sample were asked if they favor continuing federal funding of grants to the needy, 47 percent strongly favored the proposal, approximately the same proportion as the proportion of Californians who wanted to give the needy "a lot" of aid. ORC also asked respondents about continued federal funding of low-interest loans for middle-income students. Forty-one percent of the respondents strongly favored continued funding. The California Poll did not ask a comparable question.

Table 3 summarizes the distribution of respondents favoring increases, decreases, or no change in the amount of aid given to each group of students. First, close to half of Californians would not change the way in which financial aid is apportioned to various groups of students in the state. Second, slightly more than half the sample would like to see increases made to some groups and decreases to others. A close look at the responses may help to clarify public priorities with regard to how much various groups of students should benefit from the financial aid system.

Three groups—bright students plus those of low or middle income—would benefit from the changes the public wants in the allocation of aid. One group, minority students, would suffer. Specifically, Table 3 shows that with respect to bright, low-, and middle-income students, 30 to 38 percent of the sample would like an increase in funding whereas only 13 to 22 percent would favor a decrease. For minority students the direction of change is reversed: 36 percent would like to decrease their funding while 22 percent favors an increase. Approximately equal proportions of the public support an increase or a decrease in financial aid to students with high tuition.

TABLE 3.
Public Preferences for Change in Amount of Financial Aid That Various Types of Students Should Receive

	Low Income	*Middle Income*	*Bright Students*	*Those Who Pay High Tuition*	*Minority Students*
Increase	38%	38%	30%	26%	22%
Same	46	49	48	45	42
Decrease	16	13	22	28	36
	100%	100%	100%	99%	100%

Note: Columns may not sum to 100% because of rounding.

We have seen that Californians, when asked how much aid should go to bright students and how much to the needy, more often choose to increase the allotment to the needy. But when asked to make a clear choice between giving to students with good grades who have some financial need and giving to those who need money the most, more Californians come down on the side of merit. Sixty-six percent would give aid to the first group; 34 percent would give aid to the second. In the ORC study, respondents were asked simply whether ability or need was a more important consideration in awarding financial aid. Respondents divided evenly, with 44 percent preferring ability as a criterion and 41 percent preferring need.

Types of Financial Aid

Californians support dispensing financial aid in the form of grants, with 24 percent saying that most aid should be in grants and 51 percent saying that some aid should be in grants. In all, 75 percent favor grants as a source of aid.

Some aspects of student loans are widely regarded as beneficial; other aspects are controversial. On the positive side, 79 percent of respondents believe that loans extend the usefulness of state money for education, and 84 percent think that students who borrow for their education are likely to be more serious about it. On the negative side, 49 percent feel that if loans are the *only* aid available, many promising students will not be able to attend college. Forty-five percent say that students who have to repay loans will choose occupations that pay well rather than those that are really needed.

Default on Student Loans

Respondents are keenly aware of the problem of default on student loans. In fact, they have an exaggerated view of the extent of the problem. Twenty-one percent think that the default rate is 75 percent or more, while 64 percent believe that about half of student borrowers default. There is some tendency for Californians to believe that the type of institution a student attends is associated with the probability of default. As Table 4 shows, about 45 percent of the public believes that at least half or more of those attending community and public four-year colleges will default, whereas about 35 percent believes that about half or more students at proprietary schools and private four-year colleges will default.

TABLE 4
Comparison of Public Perceptions of Rate of Default of Students Attending Different Institutions

	Community Colleges	*Public, 4 Year Colleges*	*Private, 4 Year Colleges*	*Proprietary Institutions*
Most	17%	13%	14%	12%
About half	28	31	22	22
Some	29	34	27	31
Only a few	25	23	37	35
	99%	101%	100%	100%

Note: Columns may not sum to 100% because of rounding.

Californians consider students' personal characteristics to have an influence on whether they will default, as Table 5 indicates. Sixty-five percent of the public thinks that half or more of borrowers with poor grades will default, making those with poor grades the group inspiring least confidence. Fewer Californians are skeptical about the likelihood that minorities will pay off their loans; 45 percent expect about half or more minority borrowers to default. Thirty-seven percent of those polled expect half or more of well-to-do students to default.

TABLE 5
Comparison of Public Perceptions of Rate of Default of Students with Different Personal Characteristics

	Students with Poor Grades	*Minority Students*	*Well-to-do Students*
Most	42%	15%	17%
About half	23	30	20
Some	21	32	22
Only a few	14	22	42
	100%	99%	101%

Note: Columns may not sum to 100% because of rounding.

Many respondents who exaggerate the default rate still support financial aid. But exaggerated beliefs about the number of students defaulting on loans are associated with less support for financial aid programs, as the following comparisons between those who estimate that the default rate is greater than 25 percent and those who estimate that it is 25 percent or less indicate.

1. Forty-nine percent of those with high estimates agree that government should pay college expenses which students cannot afford. Sixty-two percent of those with low estimates agree that government should pay college expenses that students cannot afford.
2. Seventy-two percent of those with high estimates favor an increase in state aid to compensate for federal cutbacks. Ninety-one percent of those with low estimates favor an increase in state aid to compensate for federal cutbacks.
3. Fifty-six percent of those with high estimates support generous levels of aid for students. Ninety-one percent of those with low estimates support generous levels of aid for students.

The respondents who estimate that rates of default are high are somewhat less likely to favor use of grants than are those who make low estimates.

Personal Characteristics and Attitudes toward Financial Aid

One of the best predictors of opinions on the affordability of college and support for financial aid is identification with one or the other of the two major political parties, as the following comparison indicates:

- 24 percent of Democrats and 32 percent of Republicans believe college is presently affordable for most people;
- 63 percent of Democrats and 38 percent of Republicans believe government should pay all the costs of higher education that families cannot;
- 83 percent of Democrats and 69 percent of Republicans believe that since the federal government has reduced financial aid to college students, the state of California should increase its aid.

Income and age are also closely related to opinions about financial aid. Both in California and in the nation those who are poorer and younger tend to be more supportive of financial aid. (All three variables—age, income, political party identification—are highly interrelated.) Californians with children under 18 are somewhat more concerned about the current and future affordability of college; 7 to 11 percent more of them are worried about present and future college expenses. Whites and Blacks in California do not differ substantially on aid issues, but racial differences in opinion are found in the ORC national study, with 77 percent of Blacks strongly favoring federal funding for grants to low-income students compared to 44 percent of Whites, and 53 percent of Blacks strongly favoring continued funding for low interest loans to middle-income students compared with 39 percent of Whites.

North-South Cleavages

There is no consistent significant difference of opinion about financial aid between northern and southern Californians, although southerners are more Republican, younger, and slightly wealthier than northern Californians.

Divisions over Support for Financial Aid

To examine the relationship between varying degrees of support for financial aid, other attitudes, and personal characteristics, we formed three groups based on respondents' degree of support for aid. The first group, strong aid supporters, all agreed with the statement, "If students and their parents can't afford all the costs of college, the government should make up the difference." The second group, moderate aid supporters, disagreed with this statement, but agreed that "Since the federal government has reduced aid to college students the state of California should increase its financial aid to students who need it and qualify for it." The third group, weak aid supporters, disagreed with both quoted statements and are considered the least supportive of financial aid for college students.

Fifty-two percent of Californians are strong aid supporters; 30 percent are moderates; and 18 percent are weak supporters. Table 6 shows the relationship between membership in various demographic groups and degree of support for financial aid.

TABLE 6
Relationship Between Demographic Characteristics and Support for Financial Aid

	Support for Aid		
	Strong	*Moderate*	*Weak*
Democrats	63%	28	9
Republicans	41%	34	26
Under 35 years of age	64%	26	10
35 years of age and over	42%	33	25
Households with 3 or more people	57%	30	13
Households of 2 or less people	46%	30	24
Have children under 18 years of age	58%	31	11
No children under 18 years of age	50%	29	22
Income under $20,000 per year	63%	24	13
Income of $20,000-59,999	50%	32	18
Income of $60,000 or more	46%	31	23

Note: Rows may not sum to 100% because of rounding.

As the table shows, a plurality of respondents in all demographic categories are strong supporters of financial aid for college students. No more than 26 percent of any demographic category falls into the third group, the weak supporters of aid.

Half to three fifths of Democrats, people under thirty-five years, those with large households, with children under 18 years of age, and those with lower incomes are strong supporters, agreeing that the government should step in and supply all the funds for college which students and their families cannot provide.

Strong supporters of aid are especially concerned about the ability of the average person to afford college, with only 19 percent saying that college is affordable at present compared with 32 percent of moderate supporters and 55 percent of weak supporters.

Eighty-five percent of strong supporters believe that some or more student aid money should be given in the form of scholarships or grants that do not have to be repaid compared with 73 percent of moderates and 52 percent of weak supporters. Attitudes of the three groups are more complex with respect to student loans. On the positive side, over 80 percent of each group agree that students will take their education more seriously if they have loans to repay, and more than 75 percent of each group agree that loans will make state education funds go further. On the negative side, 53 percent of strong supporters think that if students have loans to repay, they will choose high paying jobs rather than work that is needed by the society. Only 40 percent of moderates and 23 percent of weak supporters take this view of loans. Similarly, 57 percent of strong aid supporters think that if loans were the only form of aid, many students will not be able to go to college. This is true of 41 percent of moderates and 36 percent of weak supporters.

Almost half of each group favor no change in the way financial aid is distributed. Of those respondents who favor redistribution of aid, most advocates of increases are to be found among strong supporters; most advocates of decreases are among weak supporters. Table 7 displays these findings.

TABLE 7.
Preferences for Redistribution of Financial Aid—by Strength of Support for Aid

	Low Income	*Middle Income*	*Bright Students*	*Pay High Tuition*	*Minority Students*
Strong Supporters					
Increase	47%	43%	35%	30%	29%
Same	45	45	47	46	45
Decrease	8	12	18	24	26
	100%	100%	100%	100%	100%
Moderate Supporters					
Increase	37%	37%	27%	25%	19%
Same	47	53	50	49	42
Decrease	16	11	23	27	39
	100%	101%	100%	101%	100%
Weak Supporters					
Increase	18%	29%	26%	19%	9%
Same	49	51	44	40	36
Decrease	33	30	30	41	55
	100%	100%	100%	100%	100%

Note: Columns may not sum to 100% because of rounding.

Strong and moderate supporters who favor changing the distribution of financial aid are more likely to want increases in aid to low- and middle-income students than to other kinds of students. Weak supporters who favor change are more likely to want increases to go to middle-income and bright students. Most often singled out for decreases by all three groups are minority students and students who pay high tuition. These responses are more common among weak aid supporters.

Respondents' likelihood of exaggerating the default rate on loans is inversely correlated with support for financial aid; 47 percent of strong supporters think half or more students default on loan payments compared with 52 percent of moderates and 63 percent of weak supporters.

Conclusion

The general picture of California opinion which emerges from these data is of a public that is concerned over the present and future costs of higher education, and would welcome state increases in financial aid. Majorities of both political parties, of all ages and economic levels support increases in state financial aid. The extent of the increases desired by the public is less clear. Half would support government aid to pay all the educational expenses that families cannot afford; large majorities would support increases by the state to compensate for federal cutbacks. Although almost half the public is content with current levels of aid given to different types of students, the net preference is to raise the amount of aid given to low- and middle-income students, while decreasing that awarded to minority students. Seventy-five percent of the public favor grants as a source of aid. Public opinion about loans is mixed. The public greatly exaggerates the default rate and those who believe it is very high are less supportive of student financial aid than those who have a more accurate perception.

Section 2

AN EXPLORATORY STUDY OF PARENTS' AND STUDENTS' ATTITUDES TOWARD THE FINANCIAL AID SYSTEM IN CALIFORNIA

EXECUTIVE SUMMARY

We conducted interviews with groups of California high school seniors and their parents to explore attitudes toward financial aid. All the students had applied for financial aid, as had the children of the parents interviewed. Although this is exploratory research and the findings are not projectible, the group interviews do provide a working set of hypotheses about attitudes and feelings toward student aid.

College Students

1. Many college students who have applied for aid say that anxiety about meeting their bills is chronic and energy-sapping. They believe they would study more and perform better if they were less plagued by financial worries.
2. Students do not regard themselves as the sole beneficiaries of their college educations; they believe the state profits as well.
3. They regard financial aid as a right, not a privilege, once they and their parents have made their best efforts to pay for college. Some students believe that parents are asked to increase home mortgages to meet college bills. The students regard this as an unfair demand.
4. Although these students deal each year with financial aid applications and offices, they are ill informed about the rules of the financial aid system. Their favorite source of information is other students. Most make little use of written materials. Those who do complain that the written materials about financial aid are insufficiently detailed. Students at some colleges are highly critical of their colleges' financial aid services, but at other schools students are very satisfied.
5. College freshmen are innocents when it comes to financial affairs. Some are so unsophisticated that they do not understand why guaranteed student loans are considered aid. Most cannot remember, if they ever knew, the terms of their loans. Under pressure to pay their bills, committed to completing college, they assume loans without reading beyond the second paragraph of the loan agreements.
6. Women, low-income, and minority students are often more reluctant to borrow, sometimes dropping out for a term, reducing their course loads or taking second jobs rather than increasing their indebtedness.

High School Students

1. Most middle class high school students in our groups depend on teachers and counselors for information about the academic standards of colleges. They depend on their parents for setting

the financial and geographic limits of choice and ultimately for paying the bills. Low-income and minority students are largely on their own but for the information provided by school personnel.

2. Low-income students are deeply worried about college costs. Some seem to cope realistically, while others are given to wishful thinking and may be prime candidates for dropping out of college.
3. Although more likely to read about financial aid than college students, high school students are ill informed about the student financial aid system.
4. Most say they will assume loans only if faced with the choice of not attending college. They say they will not borrow to attend their first-choice school.

Parents of High School Students

1. Parents describe themselves as committed to college education for their children from the children's birth. Nonetheless, only a few parents have been able to set aside significant savings for college.
2. Parents are largely uninformed about student financial aid.
3. Parents find applying for aid both intrusive and cumbersome.
4. They believe they are being asked to mortgage their homes to pay for their children to go to college and say they will refuse to do so.
5. They believe government aid should be increased.

FOREWORD

The Purpose

This study was conducted to explore attitudes and experiences with the financial aid system of college students, high school seniors planning to go on to college, and parents of such high school seniors. This is exploratory research and the findings are not projectible but should provide the basis for further research.

With groups of college students we examined such issues as:

- how they manage financially;
- what kinds of experiences they have had with financial aid offices;
- how they feel about incurring debts in order to pay for college;
- what impact the financial aid system has on their choice of institutions, majors and decisions about postgraduate education.

From the high school students we wanted to learn:

- the ways in which prospective users of financial aid find out about the system;
- what difficulties high school seniors have in grasping the essentials of the application process;
- the influence of financial aid on their choice of postsecondary institutions.

From the parents of high school students we wanted to find:

- the extent to which parents help students learn about and apply for financial aid;
- whether or not parents attempt to influence the kind and amount of financial aid for which their children apply;
- whether parents urge students to major in fields which will enable them to repay educational debts quickly.

The Method

We used the group interview method because it is a relatively inexpensive way to obtain a picture of the variables at work in people's views about financial aid. The major limitation of this method is that the findings are not projectible. Because sampling procedures were not used in the selection of group participants, we are unable to generalize about the extent to which any given attitude exists in relevant population groups.

The groups we interviewed each contained eight to fourteen people. Student groups were recruited by sending trained interviewers to college campuses or into high school classrooms and conducting screening interviews to find students who fit our quotas. Parent groups were recruited by phoning the parents of students who participated in the screening interviews. Once respondents were recruited, arrange-

ments were made for participants to come at a prearranged time to the group interviews, which were held primarily on college or high school campuses.

Prior to conducting the group interviews, the group leader and the project director prepared a guide of the material to be explored in the interview. The interviews were audio recorded. Respondents were promised anonymity to increase the likelihood that they would express themselves freely. The interviews were about an hour and a half in length. College students were each paid $25 for participating; high school students, $10. Parents were paid $40.

The Sample

We conducted eight interviews at seven colleges and universities. Four were in southern California, four in northern California. Four interviews were at independent four-year schools. Two were at University of California campuses, one at a California State University, one at a community college.

Three groups of high school students were interviewed: two in Los Angeles and one in San Jose. Two parent groups were interviewed. One was in Los Angeles, the other in San Jose.

The student groups had slightly more female participants than male. The parent groups were mainly comprised of women with just a few men. In all the groups 25 to 50 percent of the respondents were members of ethnic or racial minorities.

The groups of college students were comprised solely of sophomores and juniors or of seniors. Everyone had applied for aid and the vast majority had received it. All the high school students plan to go on to college and had applied for aid. The parents have children who have just been admitted to college and have applied for financial aid.

The interviews were conducted in the first six months of 1987.

THE FINDINGS

College Students

Financial Management

The students who participated in the group interviews had all applied for and in most cases received financial aid. Nonetheless, the vast majority said they were worried about money, money to pay for books, for day-to-day expenses, for rent, for food, even for tuition. Most worried were students at some high-tuition independent colleges and those at community colleges or state universities. The former have the highest costs and the latter seem to come from the lowest income backgrounds. Least worried were those at moderately priced independent colleges and University of California campuses.

Financial worries are a continuing part of most of the respondents' mental landscape. Students with financial aid devote a lot of thought to money problems. They do all the corner-cutting that short funds and sporadic infusions of money are associated with: they eat less and/or skip meals; they take on extra jobs; they borrow from friends; they write checks and then rush to the bank to cover them. The most hard-pressed students say that being short of funds causes sleepless nights, stomach problems, and the like. They believe they would devote more time to their studies and do better academically if they were not faced with these problems. But difficult as their current circumstances may be, they accept them and are totally committed to persevering.

Optimism about the Future

Most are optimistic about what the future holds. These students believe that when they have accomplished their educational goals, they will find good jobs that will provide a desirable standard of living. Even with just a bachelor's degree, they expect adequate employment, but perhaps not within their chosen fields. None expressed any doubts that within two or three months of graduation, he would be in a satisfactory job in a desirable town or city.

Their assumptions about the future are tied to education. They regard education as the key to achievement of their occupational goals. They are not daunted by doubts about the economy, competition for positions, or the like. They appear confident that if they finish their educations, the future will unfold as they wish. Seniors who want post-graduate degrees do not presently have plans for marriage or families. At this point, they claim, marriage is the furthest things from their minds, that it will be some years before they can afford to settle down.

Student Financial Aid: A Right, Not a Privilege

Most students believe they have a right to financial aid for their education. They do not regard themselves as the sole beneficiaries of their schooling. They believe that the society benefits from having an educated citizenry. One said that American prosperity is a function of the development of the

middle class and that the middle class was only able to develop because of the American commitment to free public education. Others concurred. Given this set of beliefs, it is not surprising that students feel that once they have made their best efforts to pay for their education, colleges and government should step in and provide the rest of the money.

Many students are quite protective of their parents. Some feel that financial aid regulations about parents' contributions to children's education are harsh and unfeeling. Students do not want their parents to get second mortgages to meet college bills. They do not want their mothers to return to work simply to pay for their college educations. When students are refused aid and informed that their parents should be doing more, students condemn the financial aid system. They describe it as too rigid and inflexible to make adjustments for extraordinary family situations, as unable to appreciate the problems of middle-class families with more than one child in college, and so forth. Students do not complain that their schools have excessive fees.

Loans vs Grants and Scholarships

Although students feel entitled to aid, they do not believe they are entitled to a free education. While they prefer grants and scholarships, they accept low interest loans as a legitimate way for society to meet its obligations to fund postsecondary education. This is not to suggest that students are enthusiastic about assuming loans. Indeed, some are extremely fearful about going into debt. Attitudes toward making use of loans are greatly influenced by:

1. the socio-economic status of students' families;
2. gender;
3. students' apparent self-confidence*;
4. the amount of students' indebtedness.

Students who come from low-income families are far more worried about going into debt and about the amount they should borrow. Some mentioned how painful it has been for them to see their parents worry over debts. Women students from low-income families are particularly likely to reject borrowing as a means for paying for college.

Students who appear to have low self-confidence are more hesitant about borrowing. They seem to lack the buoyancy to risk going into debt. By contrast students with apparently adequate self-confidence seem to believe both that life will be good to them and that they have the inner resources to deal with future vicissitudes.

Extent of indebtedness influences students' willingness to borrow. Although most students do not describe assumption of their first loans as a difficult step, *some students do draws back when they begin to regard their debt burden as too large. At this point, some may drop out for a while, take on another job, or lower their course loads.*

These four variables—gender, socio-economic status, self-confidence, and extent of indebtedness—interact. Thus one might hypothesize that a student with high self-esteem from a relatively comfortable family might be willing to assume $15,000 or so of indebtedness without much stress whereas a student with low self-esteem from a low-income family might drop out before assuming $6,000 in debts.

The majority of students we talked with use loans as a substitute for grants. That is, they use loans as a means to stay in school when there are no other resources available. *Some students use loans in order to go to the school of their choice rather than a less expensive school.* Some of the students we interviewed at independent colleges regard these colleges as more prestigious or "as the school of their dreams" and are willing to go into debt to pay the tuition.

Learning about Financial Matters

Most of the students have had little or no experience dealing with financial matters prior to college. A few have had useful courses in consumer education where they learned something of budgeting and how to manage a checking account. Older students who have been out in the work world also have some competence in finance. But most students cut their teeth in this regard when they go to college.

Some (mainly students at independent colleges) receive a good deal of help from their parents in working out the finances for college. For these students coping with the financial aid system is not unduly trying. But for others learning to manage finances for the first time, it can be very upsetting. This is particularly true for low-income students. For example, most students have not had the experience of keeping files; they probably don't know that they should get extra copies of documents; it is unlikely

*It would be important in future research to validate this hypothesis by using an independent measure of self-confidence.

that they keep copies of documents that they submit to financial aid offices.

Students' preferred way to learn about financial aid is from other students, from siblings, from their own friends, or from their siblings' friends. When their need is urgent, students resort to counselors. Minority students report that counselors in special programs for minorities are particularly well informed and helpful. Although schools do hold meetings to explain financial aid regulations, students practically never mention these meetings. *Students' least favorite way to learn about the availability of aid, the variety of programs, and the regulations involved is through written documents.* Some claim that the written materials are not sufficiently detailed, but this is an unusual complaint. Since the detail involved in the regulations is considerable and since the regulations change, written documents are probably the best way to master the system. The real issue is that students are not disposed to inform themselves about financial aid by reading. Given students' predisposition to auditory learning, their bewilderment and incompetence about financial aid matters is all too predictable.

Some Upsetting Institutional Practices

Some institutional practices, according to students, make it difficult for them and their parents to deal with college financing. Many of the students said that as incoming freshmen they relied on the estimates of costs provided by their colleges. Older students believe that these budgets include just the basics and do not provide a realistic picture of what students will need. But most freshmen find that they do not have enough money for the first year. Since many do not have nest eggs to draw from, they are very upset. Similarly, sophomores are not prepared for tuition increases at independent colleges. By the senior year, they say, they know that these increases are an annual or biennial affair. Sophomores are also unprepared for changes in their financial aid packages. In fact, students believe that the financial aid package they receive as freshmen is the package they can rely on for the subsequent three years. Students approach the financial aid system with trust; they believe their colleges will take care of them. When it turns out that students receive less in the sophomore year, whether because they get more in loans and less in grants or that they get less altogether, they feel aggrieved. This is cause for a serious breach in the relationship between students and their schools.

Applying for Loans

Students generally sign loan agreements under pressure: they need the money if they are to go to college, stay in college, buy their books, pay their rent, or whatever. Most do not know at the time they sign the agreement how much they will owe in principal, how much in interest, even though this information is available in the written materials and is part of the loan disclosure statement. Most don't know with certitude when they will have to start repaying the loan, how much the payments will be, whether or not there is a prepayment penalty. In truth, only a small number read more than the first one or two paragraphs of their loan agreements. Most appear to sign these agreements without advice from either parents or advisors.

Given these circumstances it is predictable that students do not have a strong sense of assuming a burden when they accept the loans. Only in the spring of the senior year, when thinking about money matters for the following year, do students start seriously to consider their debt burden. For some the exit interview in which students are advised about the payment schedule for their loans is the time of reckoning. "It hadn't really hit me how much I had borrowed, until the exit interviews," one student reported.

Impact of Finances on Academic Choices

A recent national sample survey reported that students from less affluent backgrounds are likely to make choices of academic majors and of careers on the basis of financial pressures stemming from overly large debt burdens. We attempted to explore this issue in the group interviews. *Although we did not find much evidence that debts were determining respondents' choice of undergraduate major,* we did find that some students, due to their debts, were entering the job market rather than going on directly to graduate or professional school. Such respondents said either that they wanted to reduce their debts by working for a while or that they wanted to accumulate some funds before going back to school. Of course, there is always a risk that they will not go back, but they do not appear to be worried about this.

Students have the following to say about the impact of indebtedness on their choice of careers:

- large debts accumulated in undergraduate school require working in the private sector; in the public sector one earns too little to pay off debts;

- regardless of debts, it is preferable to work in the public sector;
- it is imprudent, given the debts incurred in medical school, to choose a low-paying medical specialty.

Financing Graduate School

Seniors majoring in the sciences, such as physics or biology, rarely expressed concern about financing for graduate school because those that are accepted almost always receive adequate support. By contrast, students in other fields—the humanities, public policy, the social sciences—have no confidence about what graduate schools will offer them. Those with good grades and test scores may be fortunate and receive support, but most of those we talked with feel they will have to piece together the funds for their graduate educations. They are unwilling at this point to ask for or accept funds from their parents; they feel that the money should come from their schools, the government, and their own resources. They are disposed to going to the school which gives them the best aid package.

Only a few of the graduating seniors we interviewed pressed the graduate schools they will attend for information about financial support beyond the first year. This is interesting in the light of sophomores' and juniors' complaints about the front-loading of aid for undergraduates. Similarly, although some seniors expressed interest in obtaining independent status, only two or three were aware of the requirements for establishing independence from their families. The patterns of dealing with financial aid in the sophomore and junior years seem to persist into the process of financing for graduate school.

Students we talked with at a community college share the preference toward muddling through. All have applied to four-year colleges; all have applied for financial aid at these colleges; none expects to get all the money he needs. In fact, they expect to be more pressed financially in the future than they have been at their community college, and they have experienced a good deal of privation to attend community college. They cannot have firm and rational budgets, they say, because probably they won't know their aid packages until school has started in the fall. Most are prepared to take on extra jobs and/or to drop some courses, thereby lowering tuition. Almost all have taken as many courses as possible at their community college, because community college course credits are less expensive.

Dealing with Disappointment

When sophomores and juniors are denied aid or denied all the aid they believe they require, they tend to be upset and resentful. Some respond by criticizing the financial aid system. Others turn their resentment against their college or university. We heard complaints as varied as "it's a profit-making institution and the administrators take big bonuses," to "the university housing has cockroaches." Most often complaints are lodged against financial aid offices.

A minority have responded by attempting to master the system. These students read the regulations carefully, talk exhaustively with counselors, keep up-to-date records. Some seek lists of private funding sources and systematically apply for grants and scholarships. That the majority of studentes persist in remaining ignorant about financial aid regulations is striking in the context of their reply to the following question: "What advice would you give a high school senior about financial aid?" The most common response sophomores and juniors gave was that high school students should research the aid situation exhaustively, read everything there is to read on the subject, get lists of special grants for people with their demographic characteristics, and so forth. But our respondents had little inclination to follow their own advice.

Evaluations of Financial Aid Offices

There was virtual unanimity within each group about the character of the financial aid offices at their respective schools. Groups tended to be either quite satisfied with their financial aid offices or fairly critical.

Students who expressed satisfaction said:

- the counselors are helpful;
- financial aid has been available when students found themselves particularly pressed;
- financial aid worked better at their schools than did other administrative entities such as the housing service or the accounting office.

Students who were critical said:

- the lines at their financial aid offices are excessively long, the waits interminable;
- financial aid involves an unending paper chase;
- financial aid clerks frequently lose and misplace papers, even checks;
- the aid checks are not disbursed in a timely

fashion; the school term is often well under way before checks are given out;

- clerks never cite the same regulations twice; they are badly trained and don't know the regulations;
- clerks are often unpleasant, acting as if the money is theirs and they are bestowing a gift on the students;
- clerks and counselors play favorites both in the amount of information they provide and the type and amount of aid they make available to students.

A small number of students are disgruntled because they believe that athletes, minority students, and/or students of divorced parents often get more than their fair share of aid, be it in the form of loans, grants, counseling or even tutoring. On the other hand, a few students admit to taking advantage of the financial aid system by falsely claiming special family circumstances, taking jobs and not informing the financial aid office, obtaining "independent status" with every intention of having their parents repay their loans, getting loans and investing the money at favorable interest rates.

High School Students

Commitment to College

Most of the high school seniors interviewed seem committed to obtaining a college education. Hispanic students were particularly outspoken about this. Middle class Whites and Blacks were less likely to speak of their determination to obtain a college education because college, like marriage and parenthood, has reportedly always been part of their expectations. (Unfortunately, we interviewed only three Black students from low-income families.) The expectations of recent Asian immigrants fall some place between those of Hispanic students and those of whites and blacks. The Asians appear to regard college education as a given, but they are uncertain about how they are going to pay for it.

The Hispanic students provide a picture of the impact high school personnel can have on students' aspirations. Most of the Hispanic students were attending a largely Hispanic high school in downtown Los Angeles. Most were able to describe how they decided to apply for college. Their stories were similar: a friend or relative, in combination with the high school guidance counselor, helped the students to recognize that college was a realistic goal for them. The friends and relatives helped by expressing confidence in the student. The counselor conducted a role model program in which she brought successful, educated Hispanics to the high school to speak with entering freshmen. The counselor personally guided each of the students through the application process. The students were aware of the counselor's determination in their behalf and were generous in their appreciation of her role in their lives. The students had additional support from each other. This was important, since teenagers in their neighborhood often deride postsecondary education, and pressure more studious Hispanics to stop studying so hard, "to party," to get out and earn some money. Members of the primary family rarely provide direct support for college; rather, they are supportive of any goals their children set.

First and second generation Asian and Hispanic students are idealistic about the purpose of postsecondary education. They believe that attending college will lend meaning to their lives, enable them to help others make a contribution to society, and increase their earning capacity. Several students view college primarily as a way to make more money.

Choosing a College

The majority had already been accepted at and plan to go to either a California State University or the University of California. A few have chosen independent colleges within the state. A handful plan to attend out-of-state schools. There is a marked tendency for more academically ambitious students to select the University of California, but this appears to be moderated occasionally by financial pressures. Thus some high achievers who come from families with limited resources are choosing California State Universities because they are less expensive.

First and second generation minority students readily acknowledge being dependent on friends, siblings, high school teachers and counselors for advice about selecting a college. Their parents have not attended college in the United States and can give them no help except emotional support. White and Black students prefer to believe that they have chosen their colleges on their own with little or no input from others. When pressed, it becomes clear that most have discussed their options with their parents and that the limits of choice are set in these discussions. From their parents, these students generally learn the financial and geographic boundaries to be observed.

From advisors, teachers, friends and siblings, middle class students obtain advice about the academic standing of departments and schools.

Perceptions of College Costs

Minority students from low-income backgrounds are deeply concerned about the cost of college. Some actively cope with the problem. Others display little initiative; these students are inclined to wishful thinking, hoping that somehow their financial problems will be resolved. Those who try to cope know what their living and tuition costs will be from reading college catalogs and from discussions with friends and siblings. Unlike college students, some high school students think that the schools' estimates are high and that they will find ways to reduce them. Essentially, such students see two ways to save money: living off campus and cooking for themselves. For example, an Asian student from San Jose who will attend the University of California at Davis plans to live with a number of other Asian students and keep her food budget to an absolute minimum, thus saving a significant amount of money.

Living off campus is not an equally appealing option to all low-income students, especially when this means living at home. Several students from low-income families told us they look forward to living in dormitories which, in contrast to their homes, hold the promise of quiet places to study.

Students who are unsure of the costs and assert that lack of money will not deter them often do not have family resources on which to rely. Thus they are likely candidates for not finishing college. The advising systems in their high schools do not seem to deal with these problems.

Middle-class students rarely know what college will cost nor have they worked out plans for paying for school. They assume that between summer jobs, financial aid and their parents and/or grandparents, somehow the resources will be found. A few are well informed and resolute about assuming responsibility for themselves.

Information about Financial Aid

Like the college students they will soon become, most of the graduating high school seniors we spoke with have only the most rudimentary notions about how much and what kinds of financial aid are available. Unlike the college students, many of the high school seniors obtain information through written materials. This may be the case because most high school students probably do not have ready access to college students from whom they can get information (or misinformation). Some students learn from high school counselors. Listening to students describe counselors creates the impression that counselors are of only two kinds: extremely helpful and not at all helpful. To be part of the "extremely helpful" group seems to require that the counselor engage in detailed examination of students' affairs and provide continuing guidance through the process of applying for college and financial aid.

Financial aid to the high school students we interviewed comes in the form of grants and scholarships offered by colleges to which the students have applied. Most do not have the various programs sorted out and many appear content to remain both ignorant and dependent on others for guidance through the thicket of college financing.

Although students know that guaranteed student loans exist, they do not fully regard student loans as a form of financial aid. This is because they have no appreciation of the difficulty they would have in obtaining loans were there no student loan programs. High school students resemble college students in that high school students know none of the particulars of the loan programs.

High school students are apprehensive about loans. Some say they would rather work during the school year than borrow money. This attitude seems to be somewhat more common among women and minority students. *Most seem to feel that if they are faced with a choice of not attending college or borrowing, they will borrow. But most say they would not borrow money to attend their first choice school; they would go to their second choice if it were less expensive.* (Regardless of what they say, the record shows that many do borrow.)

Applying for Aid

Middle-class students regard the aid application forms as too intrusive. A few also commented that they had to fill out their applications before their parents planned to complete their tax returns and that this was inconvenient for their parents. The requirement that parents further mortgage their houses was regarded as unacceptable by some of these young people. In all, those middle-class students who had

views about applying for aid tended to be critical of the process. Low-income students and minority students were less likely to complain.

Some students are able to cope with the application process by themselves; others require help. For some this help is available from counselors; for others, parents are available. Some indicate that they need help but there is none available. This is probably true because counseling staffs have been sharply reduced.

Is the Aid System Fair?

There is a wide spectrum of opinion among the students about the equity of the financial aid system. A few feel that it is impossible for such a large program with so many regulations to always be fair. Some feel that there is a persistent bias against the middle class. Some believe that the system is not sufficiently responsive to individual circumstances. One or two mentioned that well-to-do students somehow manage to obtain aid. Finally, there were several students who believed that people were given and denied financial aid on the basis of their zip codes. These students contend that poor people with zip codes showing that they come from high-income areas are likely to be denied aid and that the opposite holds true for well-to-do people living in poor neighborhoods.

Parents

Attitudes toward College

We interviewed only parents of high school seniors already accepted at one or more colleges. All the parents thoroughly support their children's commitment to college, and almost all take the position that a college education is a necessity for a successful and fulfilling life.

Choice of College and Major

Parents confirm what students report with respect to parents' influence in decisions about which college to attend. Parents who are inexperienced and who have not themselves gone to college are more likely to listen and support their youngsters' preferences rather than engage in the selection process. Parents who have themselves gone to college are more likely to intervene by limiting how much students can spend on college and how far from home students can go.

When we inquired about parents' attitudes toward their children's contemplated majors, the parents seemed quite ambivalent. On the one hand, almost all would like to see their children choose fields that promise a high standard of living. On the other, parents seem to feel that children should not be rushed into premature choices that might condemn them to a boring, unhappy work life. They also indicated that children should not be pressured to make "practical" choices that do not conform with their basic talents or predispositions. In effect, the best parents can do, they seem to say, is to wait and pray that their youngsters will ultimately make reasonable choices. Some parents seem to feel it would be morally unacceptable to attempt to influence their children's decision making; others feel that they have no influence on this matter.

Financing College

Although a few of the parents we interviewed have saved enough money to pay for their children's college education, most have not. Parents' degree of participation in the funding of their youngsters' college education appears to be a function of: a) what their parents did for them; b) the family's financial status; and c) these parents' generosity toward their children. Some parents with practically nothing, who have not gone to college themselves, are prepared to give all they can, whereas others with more money are inclined to give very little. However, one seemingly affluent parent said he was prepared "to go all the way, to mortgage his house, if necessary, to pay for his children's education."

Information About and Attitudes toward Financial Aid

Most of the parents are quite uninformed about what aid is available and are uninformed or misinformed as to the particulars concerning any of the aid programs. This is despite the fact that some have gone to meetings on the subject, met with counselors, and spoken to their bankers. None mentioned reading anything about financial aid except articles in the mass media.

Many believe that more aid should be available. Some would limit aid to the worthy, i.e. students

with good grades or students who demonstrate their commitment by working and saving money. Some feel that loans should be available on the basis of need but that grants should be limited to those with good grades. Some feel aid should be administered on the basis of need only. Others would like to see more aid for the middle class and less going to minorities and/or immigrants. One suggested that colleges should be given direct support by the government so that tuition could be lowered.

Attitudes toward Loans

Parents demonstrate the same ignorance about the loan programs that their children do. Parents with less money seem more inclined toward loan programs. But, like their children, parents see loans as the aid of last resort. Most would prefer their children to go to second choice colleges rather than assume loans in order to attend their first choice.

Parents were divided about who should pay off the loans. Some parents felt their children should be entirely responsible; others were ready to assume total responsibility themselves; some said they would share the burden of loan payments at least until their youngsters were earning "adequate" incomes.

Applying for Aid

Parents found the amount of paperwork necessary to complete aid applications extremely irksome. They, like the students, occasionally complain that the system is not sensitive to individual differences, and/or that the reasons for rejection are either unfair or unclear. One mentioned that there was no apparent system for appealing what appear to be unjust decisions. Another said the system was so complex it was likely to discourage applicants. Few had any clear view of exactly what agencies are responsible for making the decisions—colleges, state or federal agencies.

Mortgaging the House

There was intense feeling that it is unfair to expect people to mortgage their houses or to increase their mortgages to send their children to college. More than any other issue, the idea of having to mortgage the house to send their youngsters to college appears to propel people to support increases in aid.

Conclusions

Students who require financial aid and the parents of such students regard aid as a right, once they have made their own best effort to finance their college educations. Receiving aid does not automatically dispel students' concerns about money. Many continue to worry about how to pay their bills. For some students financial pressures suffuse the college experience with anxiety.

Anxieties about money matters are intensified by students' and parents' difficulties in coping with the financial aid system. Their dealings with the system are often beclouded by lack of information, misinformation, financial naivete and inefficiency.

If any one thing is clear from these interviews it is that college administrators need to find better ways to communicate with parents, applicants, and recipients about the process of applying for and obtaining aid, and the implications and responsibilities attending the assumption of loans.

THE EUREKA PROJECT PUBLICATIONS

Origins and Outcomes: An Essay on the History of Student Aid in California	May 1987
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